



Overview of the Transportation, Infrastructure, and Capitals Appropriations Subcommittee Budget

Legislative Fiscal Bureau
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The Subcommittee reviews budgets and provides funding recommendations for the following budget areas:

- ◆ **Department of Transportation Operations**
- ◆ **State agencies requesting funding for infrastructure and capital projects**

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The Subcommittee typically passes two appropriations bills:

- ◆ **Transportation Appropriations Bill**
- ◆ **Infrastructure Appropriations Bill**

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Funding Sources

- ◆ General Fund
- ◆ Road Use Tax Fund
- ◆ Primary Road Fund
- ◆ Rebuild Iowa Infrastructure Fund (RIIF)
- ◆ Environment First Fund
- ◆ Endowment for Iowa's Health Account
- ◆ Restricted Capital Fund

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◆ **Transportation Appropriations Bill –**
Includes DOT operations, programs, and certain DOT capital requests. This Bill appropriates money from:

❖ **Road Use Tax Fund**

❖ **Primary Road Fund**

❖ **General Fund**

(No General Fund money was appropriated in FY 2003)

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Road Use Tax Fund Revenues

- ◆ **Motor Vehicle Fuel Taxes**
- ◆ **Motor Vehicle Registration and Title Fees**
- ◆ **Motor Vehicle Use Tax**
- ◆ **Other Sources:**
 - ❖ Underground Storage Tank Fees
 - ❖ Driver's License Fees
 - ❖ Motor Carrier Violation Fees
 - ❖ Interest
 - ❖ Miscellaneous

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Constitutional Mandate

- ◆ Motor Vehicle Fuel Taxes
- ◆ Motor Vehicle Registration and Title Fees
- ◆ Driver's License Fees

Constitutionally mandated to be spent for the construction, maintenance, and supervision of the State's public highways.

- ◆ Motor Vehicle Use Tax

Not constitutionally mandated.

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Revenues

◆ **Motor Vehicle Fuel Taxes**

- ❖ Gasoline – 20.1 cents per gallon
- ❖ Ethanol-blended gas – 19.0 cents per gallon
- ❖ Diesel fuels – 22.5 cents per gallon

◆ **Motor Vehicle Registration and Title Fees** – Consist of fees collected for vehicle registrations and certificates of title.

- ❖ Vehicle registration fees – 1.0% of the vehicle's value, plus 40 cents per 100 lbs. of the vehicle's weight.
- ❖ Title fees – \$10

◆ **Motor Vehicle Use Tax** – The 5.0% tax on the price of a vehicle.

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Other Revenue Sources

- ◆ **Underground Storage Tank Fees** – Environmental protection fee paid by owners of underground storage tanks.
- ◆ **Driver's License Fees** – Fees collected for the issuance of motor vehicle licenses.
- ◆ **Interest** – Interest received on the Road Use Tax Fund.
- ◆ **Motor Carrier Violation Fines** – Fees collected from overweight truck violations.
- ◆ **Miscellaneous** – Miscellaneous fees and revenues such as car rental tax, salvage theft exam fees, and motor vehicle dealer licenses.

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Off-the-Top Allocations

Before revenues are distributed to the road funds, various “off-the-top” allocations and appropriations are funded.

- ◆ **Off-the-top appropriations include:**
 - ❖ Standing appropriations established in the Code of Iowa.
 - ❖ Annual appropriations.

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Examples of Off-the-Top Allocations

◆ Standing Appropriations

- ❖ Primary Road Appropriation
- ❖ Secondary Road Appropriation
- ❖ Park & Institutional Roads
- ❖ Highway Safety Projects
- ❖ City/County Bridge Fund
- ❖ County Treasurers

◆ Annual Appropriations

- ❖ DOT Operating Appropriation
- ❖ Vehicle Registration System Rewrite
- ❖ Driver's License Equipment Lease
- ❖ Travel/Weather Information System

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Formula Distribution

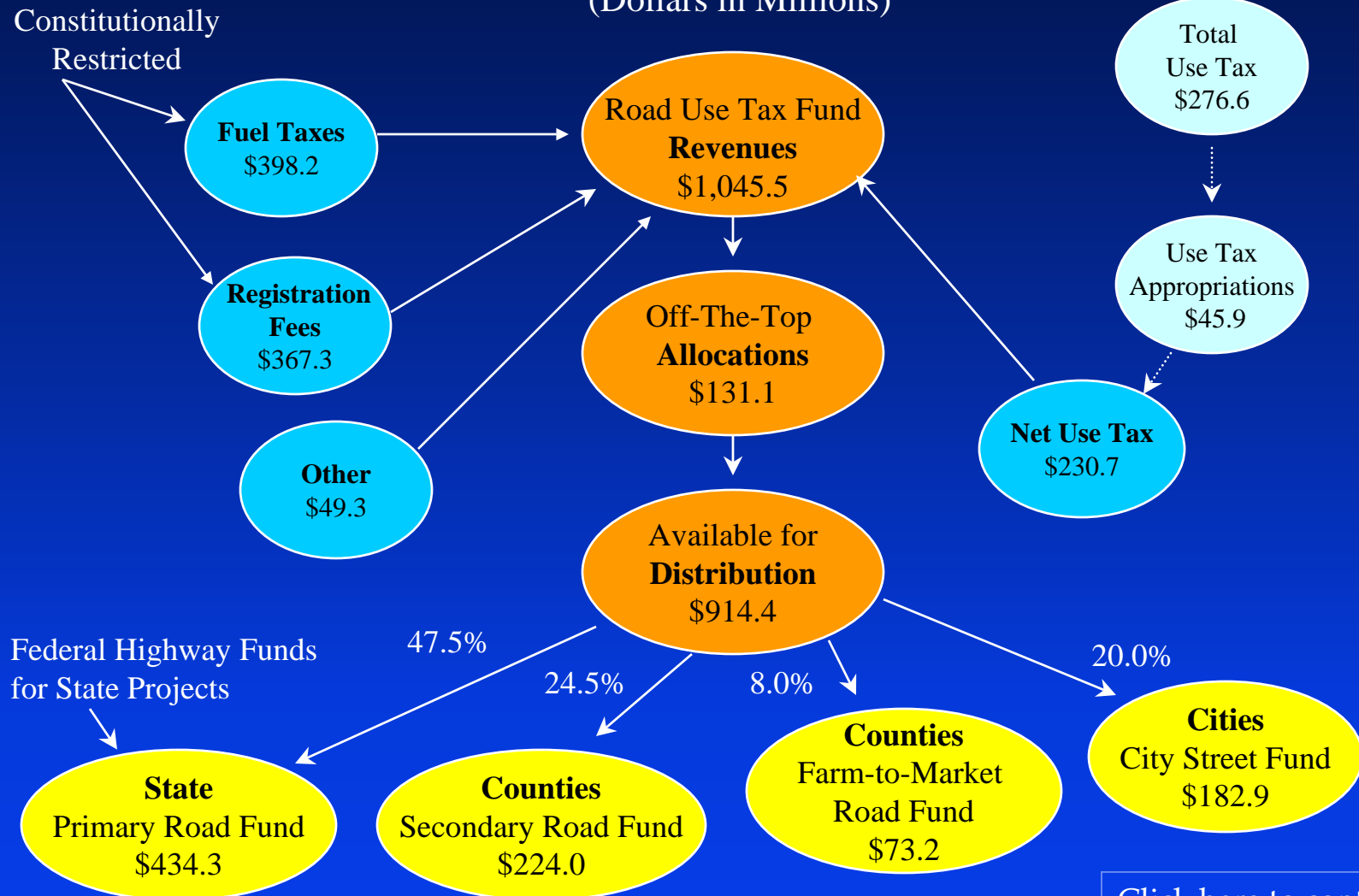
After Off-the-Top Allocations are funded, the remaining Road Use Tax Fund dollars are distributed to the following funds for construction and maintenance of roads.

- ❖ **Primary Road Fund** (State): 47.5%
- ❖ **Secondary Road Fund** (Counties): 24.5%
- ❖ **Farm-to-Market Road Fund** (Counties): 8.0%
- ❖ **City Street Fund** (Cities): 20.0%

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Estimated FY 2003 Revenues & Allocations

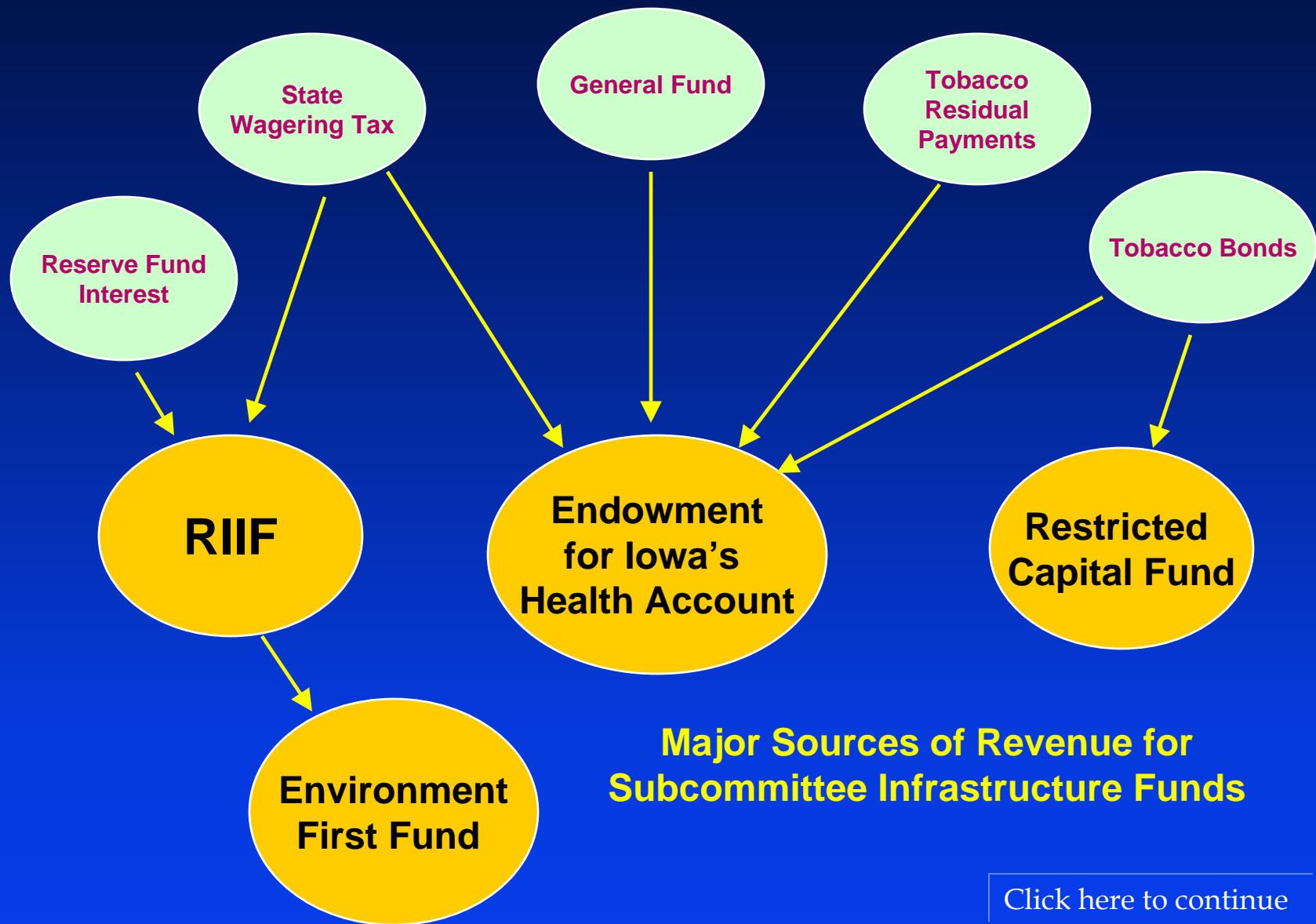
(Dollars in Millions)



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- ◆ **Infrastructure Appropriations Bill** – This Bill has also included appropriations for environmental programs, technology projects, and debt service on certain bonds. In FY 2003, the Infrastructure Appropriations Bill appropriated money from the following:
 - ❖ Rebuild Iowa Infrastructure Fund (RIIF)
 - ❖ Environment First Fund
 - ❖ Restricted Capital Fund (Tax-Exempt Bonds - Tobacco)
 - ❖ Endowment for Iowa's Health Account (Taxable Bonds - Tobacco)

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State Wagering Tax

The Iowa Supreme Court issued a ruling on June 12, 2002, stating that it was unconstitutional for the State to collect taxes at a higher rate for racetrack gaming than for river boat gaming.

The ruling reduced the tax rate at racetracks from 32.0% to 20.0%, effective immediately, which resulted in a \$28.6 reduction in State tax receipts for FY 2003.

The State is also required to reimburse racetracks an estimated \$112.0 million for back taxes collected under the higher rate, plus 5.0% interest.

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State Wagering Tax

FY 2003

**Prior to Supreme
Court Decision
\$209.9 million**

-\$28.6 million

**After Supreme
Court Decision
\$181.3 million**

Allocations

- ◆ \$60.0 mil. General Fund
- ◆ \$15.0 mil. Vision Iowa
- ◆ \$5.0 mil. School Infrastructure
- ◆ \$75.0 mil. Endowment
- ◆ **Remainder (\$54.9 mil. To RIIF)**

Allocations

- ◆ \$60.0 mil. General Fund
- ◆ \$15.0 mil. Vision Iowa
- ◆ \$5.0 mil. School Infrastructure
- ◆ \$75.0 mil. Endowment
- ◆ **Remainder (\$26.3 mil. To RIIF)**

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Rebuild Iowa Infrastructure Fund

(Dollars in Millions)

	<u>Actual FY 2002</u>	<u>Estimated FY 2003</u>	<u>Estimated FY 2004</u>
Resources			
Balance Forward	\$ 10.3	\$ 13.8	\$ 0.0
State Wagering Tax	50.0	26.3	31.3
Transfer to the Gen. Fund	0.0	-15.5	0.0
Other Revenue	7.2	3.8	9.8
Total Resources	<u>\$ 67.5</u>	<u>\$ 28.5</u>	<u>\$ 41.1</u>
Appropriations			
Environment First Fund Standing	\$ 35.0	\$ 35.0	\$ 35.0
Other Appropriations	19.0	11.2	7.0
Total Appropriations	<u>\$ 54.0</u>	<u>\$ 46.2</u>	<u>\$ 42.0</u>
Deappropriations & Reversions	-0.4	0.0	0.0
Ending Balance	<u><u>\$ 13.8</u></u>	<u><u>\$ -17.7</u></u>	<u><u>\$ -0.9</u></u>

The sum of the numbers may not equal totals due to rounding.

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Environment First Fund

(Dollars in Millions)

	<u>Actual</u> <u>FY 2001</u>	<u>Actual</u> <u>FY 2002</u>	<u>Est.</u> <u>FY 2003</u>
Revenue			
Beginning Balance	\$ 0.0	\$ 2.5	\$ 0.0
RIIF Appropriation	35.0	35.0	35.0
Transfer to General Fund	0.0	-10.1	-18.4
Total Revenue	<u>\$ 35.0</u>	<u>\$ 27.4</u>	<u>\$ 16.6</u>
Appropriations	\$ 33.7	\$ 34.9	\$ 16.6
Legislative Reductions	<u>-2.5</u>	<u>-7.5</u>	<u>0.0</u>
Total Appropriations	<u>\$ 31.2</u>	<u>\$ 27.4</u>	<u>\$ 16.6</u>
Reversion Transfer to RIIF	1.3	0.0	0.0
Ending Balance	<u>\$ 2.5</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

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Endowment for Iowa's Health Account

(Dollars in Millions)

	Actual FY 2002	Est. FY 2003	Est. FY 2004
Resources			
Balance	\$ 0.0	\$ 22.5	\$ 13.9
Bond Proceeds	39.6	0.0	0.0
General Fund Standing Approp.	7.2	0.0	28.3
Wagering Tax Allocation	80.0	75.0	70.0
Tobacco Settlement Residuals	14.0	25.9	27.1
Litigation Revenue	0.0	0.0	0.8
Interest Earned	1.3	1.1	2.3
Total	\$ 142.0	\$ 124.6	\$ 142.4
Appropriations			
Healthy Iowans Tbco Trust-Standing	\$ 55.0	\$ 55.8	\$ 56.7
Healthy Iowans Tbco Trust	0.0	9.0	0.0
Student Achievement	40.0	0.0	0.0
School Aid Appropriation	0.0	20.0	0.0
Regents Tuition Replacement	0.0	16.8	0.0
Transfer to General Fund	22.0	9.0	0.0
Medicaid Supplemental	2.5	0.0	0.0
Total	\$ 119.5	\$ 110.7	\$ 56.7
Ending Balance	\$ 22.5	\$ 13.9	\$ 85.8

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Restricted Capital Fund

(Dollars in Millions)

	Actual	Legislative Action and Out-Year Estimates				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resources						
Balance Forward	\$ 0	\$ 427.7	\$ 257.6	\$ 78.8	\$ 34.6	\$ 15.4
Tax-Exempt Bond Proceeds	540.0	0	0	0	0	0
Interest	13.2	16.7	10.0	3.1	1.3	0.6
TSA Operations	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Total Available Resources	<u>\$ 553.1</u>	<u>\$ 444.2</u>	<u>\$ 267.5</u>	<u>\$ 81.7</u>	<u>\$ 35.7</u>	<u>\$ 15.8</u>
Expenditures						
Enacted Appropriations	125.4	186.6	69.3	17.9	2.5	0
Projected Debt Service Payments	0	0	29.4	29.2	17.8	15.4
Total Expenditures	<u>\$ 125.4</u>	<u>\$ 186.6</u>	<u>\$ 98.7</u>	<u>\$ 47.1</u>	<u>\$ 20.3</u>	<u>\$ 15.4</u>
Available in FY 2004	0	0	90.0	0	0	0
Ending Balance	<u><u>\$ 427.7</u></u>	<u><u>\$ 257.6</u></u>	<u><u>\$ 78.8</u></u>	<u><u>\$ 34.6</u></u>	<u><u>\$ 15.4</u></u>	<u><u>\$ 0.4</u></u>

TSA = Tobacco Settlement Authority

¹ The debt service appropriations for FY 2002 and 2003 are included in the Enacted Appropriations amounts.

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Restricted Capital Fund

Infrastructure Commitments for FY 2004

- ◆ **Iowa Medical and Classification Center - Special Needs Unit:** Total cost: \$25.5 million to \$30.9 million.
- ◆ **Enterprise Resource Planning (ERP) System:** The total cost for FY 2004 and FY 2005 is estimated at \$9.2 million.
- ◆ **Recreational Trails Program:** \$3.1 million needed to fulfill funding commitments. The General Assembly transferred \$5.0 million of the cash balance in the Recreational Trails Fund to the General Fund in FY 2002.

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Subcommittee Funding Summary

(Dollars in Millions)

	FY 2002 Actual	FY 2003 Estimated	FY 2004 Dept. Request
DEPARTMENT OF TRANSPORTATION			
General Fund	\$ 2.7	\$ 0.0	\$ 2.8
Road Use Tax Fund	39.7	43.9	43.5
Primary Road Fund	235.4	224.8	223.4
Total	\$ 277.8	\$ 268.7	\$ 269.8
INFRASTRUCTURE AND CAPITALS			
Environment First Fund	\$ 27.4	\$ 16.6	\$ 45.7
Rebuild Iowa Infrastructure Fund	54.0	11.2	44.1
Restricted Capital Fund (Bond Proceeds)	125.4	184.6	491.0
Endowment for Iowa's Health Account	0.0	16.8	13.3
Total	\$ 206.8	\$ 229.2	\$ 594.2
GRAND TOTAL	<u>\$ 484.6</u>	<u>\$ 497.8</u>	<u>\$ 863.9</u>

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